

**TOWN OF  
ABITA SPRINGS, LOUISIANA**

Report on Audit of  
Financial Statements

Fiscal Year Ended  
December 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/25/10

<b>Contents</b>	<b>Statement</b>	<b>Schedule</b>	<b>Page</b>
<b>Independent Auditor's Report</b>			<b>1 - 2</b>
<b>Required Supplemental Information (Part I)</b>			
Management's Discussion and Analysis			4 - 7
<b>Basic Financial Statements</b>			
Government-Wide Financial Statements			
Statement of Net Assets	A		9
Statement of Activities	B		10
Fund Financial Statements			
Governmental Funds			
Balance Sheet	C		12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	D		13
Statement of Revenues, Expenditures and Changes in Fund Balances	E		14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	F		15
Proprietary Fund			
Statements of Net Assets	G		17
Statements of Revenues, Expenses and Changes in Net Assets	H		18
Statements of Cash Flows	I		19
Notes to Financial Statements			21 - 36
<b>Required Supplemental Information (Part II)</b>			
Budgetary Comparison Schedule - General Fund		1	38 - 39
<b>Other Supplemental Information</b>			
Non-Major Governmental Funds			
Combining Balance Sheet		2	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		3	42
Schedule of Compensation Paid to the Members of the Board of Aldermen		4	43

<b>Contents (Continued)</b>	<b>Statement</b>	<b>Schedule</b>	<b>Page</b>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>			<b>44 - 45</b>



## **Independent Auditor's Report**

To the Honorable Mayor and Board of Aldermen  
Town of Abita Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information presented for the Town's proprietary fund has been derived from the Town's 2008 financial statements and, in our report dated April 10, 2009, we expressed an unqualified opinion on the respective financial statements of the proprietary fund of the Town as of and for the year ended December 31, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2010, on our consideration of Town of Abita Springs, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, beginning on page 4, and the budgetary comparison schedules on pages 38 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion on provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The accompanying other supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Abita Springs, Louisiana. The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
A Professional Accounting Corporation

May 19, 2010

**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## TOWN OF ABITA SPRINGS, LOUISIANA

### Management's Discussion and Analysis For the Year Ended December 31, 2009

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As management of the Town of Abita Springs, Louisiana (the Town), we offer readers of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2009, and for the year then ended.

#### Overview of Financial Statements

The Town adopted GASB Statement No. 34 on January 1, 2004. Under this pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives, which are described as follows:

#### Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Assets:** This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the Town's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

#### Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. **Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund, Capital Projects Fund and the Debt Service Fund.

## TOWN OF ABITA SPRINGS, LOUISIANA

### Management's Discussion and Analysis For the Year Ended December 31, 2009

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2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary fund is the Utility Fund.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

#### Financial Highlights

At December 31, 2009, the Town's assets exceeded its liabilities by \$3,315,844 (*net assets*). Of this amount, \$832,154 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizen's and creditors. The Town's total net assets increased by \$307,612 for the year ended December 31, 2009.

At December 31, 2009, the Town's governmental funds reported combined ending fund balances of \$2,445,303. Combined governmental fund balance increased by \$892,071 for the year ended December 31, 2009.

#### Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	Governmental Activities	Business-Type Activities	2009	2008
<b>Assets</b>				
Current Assets	\$ 2,649,709	\$ 272,714	\$ 2,922,423	\$ 1,951,865
Other Assets	26,017	314,728	340,745	332,214
Capital Assets	1,135,304	2,647,095	3,782,399	3,859,117
<b>Total Assets</b>	<b>3,811,030</b>	<b>3,234,537</b>	<b>7,045,567</b>	<b>6,143,196</b>
<b>Liabilities</b>				
Current and Other Liabilities	314,628	1,141,907	1,456,535	1,101,213
Long-Term Liabilities	1,447,883	825,305	2,273,188	2,033,751
<b>Total Liabilities</b>	<b>1,762,511</b>	<b>1,967,212</b>	<b>3,729,723</b>	<b>3,134,964</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	270,694	1,780,744	2,051,438	1,956,801
Restricted	601,538	109,355	710,893	461,102
Unrestricted	1,176,287	(622,774)	553,513	590,329
<b>Total Net Assets</b>	<b>\$ 2,048,519</b>	<b>\$ 1,267,325</b>	<b>\$ 3,315,844</b>	<b>\$ 3,008,232</b>



# TOWN OF ABITA SPRINGS, LOUISIANA

## Management's Discussion and Analysis For the Year Ended December 31, 2009

The amount invested in capital assets, net of related debt, represents 65% of total net assets. Net assets invested in capital assets consist of land, buildings, and equipment less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

A condensed version of the government-wide Statement of Activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 27,446	\$ 9,540	\$ 1,417,618	\$ 1,527,930	\$ 1,445,064	\$ 1,537,470
Operating Grants	79,199	16,373	-	-	79,199	16,373
Capital Grants and Contributions	254,469	117,700	-	-	254,469	117,700
General Revenues						
Taxes	1,054,800	1,039,713	-	-	1,054,800	1,039,713
Licenses and Permits	148,512	151,183	-	-	148,512	151,183
Fines and Forfeitures	135,383	95,954	-	-	135,383	95,954
Investment Earnings	4,007	25,176	628	4,676	4,635	29,852
Other	123,439	295,830	14,400	16,375	137,839	312,205
<b>Total Revenues</b>	<b>1,827,255</b>	<b>1,751,469</b>	<b>1,432,646</b>	<b>1,548,981</b>	<b>3,259,901</b>	<b>3,300,450</b>
<b>Expenses</b>						
General Government	645,494	553,264	-	-	645,494	553,264
Public Safety	304,667	262,012	-	-	304,667	262,012
Hurricane	46,474	110,794	-	-	46,474	110,794
Cemetery	9,218	6,894	-	-	9,218	6,894
Recreation	121,830	218,560	-	-	121,830	218,560
Public Works	272,875	238,386	-	-	272,875	238,386
Utility	-	-	1,464,787	1,747,026	1,464,787	1,747,026
Amortization of Bond Interest Costs	2,085	1,057	-	-	2,085	1,057
Interest on Long-Term Debt	39,231	35,371	45,628	46,571	84,859	81,942
<b>Total Expenses</b>	<b>1,441,874</b>	<b>1,426,338</b>	<b>1,510,415</b>	<b>1,793,597</b>	<b>2,952,289</b>	<b>3,219,935</b>
<b>Changes in Net Assets Before Capital Contributions</b>	<b>385,381</b>	<b>325,131</b>	<b>(77,769)</b>	<b>(244,616)</b>	<b>307,612</b>	<b>80,515</b>
<b>Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,590</b>	<b>-</b>	<b>120,590</b>
<b>Changes in Net Assets</b>	<b>385,381</b>	<b>325,131</b>	<b>(77,769)</b>	<b>(124,026)</b>	<b>307,612</b>	<b>201,105</b>
<b>Net Assets, Beginning of Year</b>	<b>1,663,138</b>	<b>1,338,007</b>	<b>1,345,094</b>	<b>1,469,120</b>	<b>3,008,232</b>	<b>2,807,127</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,048,519</b>	<b>\$ 1,663,138</b>	<b>\$ 1,267,325</b>	<b>\$ 1,345,094</b>	<b>\$ 3,315,844</b>	<b>\$ 3,008,232</b>

## **TOWN OF ABITA SPRINGS, LOUISIANA**

### **Management's Discussion and Analysis For the Year Ended December 31, 2009**

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#### **Financial Analysis of the Major Funds**

The Town's General Fund had an increase in fund balance of \$218,668 for the year ended December 31, 2009. The Town's Debt Service Fund had a decrease in fund balance of \$16,919 for the year ended December 31, 2009. The Town's Capital Project Fund had an increase of \$630,928 for the year ended December 31, 2009. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

#### **Budget Highlights**

As required by law, the Town adopted a budget for its General Fund and Cemetery Special Revenue Fund. During the year ended December 31, 2009, the General Fund actual expenditures exceeded budgeted appropriations by \$8,431.

#### **Capital Asset Administration**

For governmental activities, capital assets, net of accumulated depreciation, increased by \$72,022 for the year ended December 31, 2009. This was mainly the result of additions to buildings and improvements. For business-type activities, capital assets, net of accumulated depreciation, decreased by \$148,740 as a result of depreciation of assets for the year.

#### **Debt Administration**

The Town's total long-term debt increased by \$259,035 during the year ended December 31, 2009. This was the result of the Town issuing bonds totaling \$646,000, regularly scheduled debt payments totaling \$177,965, and the maturity of the \$209,000 Community Disaster Loan in 2010.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need of additional information should be directed to Jennifer Oalman, Municipal Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

**BASIC FINANCIAL STATEMENTS**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statement of Net Assets**  
**December 31, 2009**

**Statement A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,543,107	\$ 53,333	\$ 1,596,440
Cash - Construction	-	21,082	21,082
Equity in Pooled Cash	755,110	657	755,767
Receivables, Net	351,492	194,549	546,041
Prepaid Insurance	-	3,093	3,093
Bond Issuance Cost, Net	26,017	8,003	34,020
Cash and Cash Equivalents - Restricted	-	306,725	306,725
Capital Assets, Net	1,135,304	2,647,095	3,782,399
<b>Total Assets</b>	<b>3,811,030</b>	<b>3,234,537</b>	<b>7,045,567</b>
<b>Liabilities</b>			
Accounts Payable	47,602	85,920	133,522
Pooled Cash in Other Funds	147,853	607,914	755,767
Accrued Expenses	8,951	-	8,951
Accrued Interest Payable	17,222	12,858	30,080
Meter Deposits	-	112,169	112,169
Compensated Absences	39,883	-	39,883
Notes Payable - Community Disaster Loan			
Due in One Year	-	209,000	209,000
Capital Lease Payable			
Due in One Year	-	41,046	41,046
Due in More than One Year	-	50,305	50,305
Bonds Payable			
Due in One Year	93,000	64,000	157,000
Due in More than One Year	1,408,000	757,000	2,165,000
Certificates of Indebtedness			
Due in One Year	-	9,000	9,000
Due in More than One Year	-	18,000	18,000
<b>Total Liabilities</b>	<b>1,762,511</b>	<b>1,967,212</b>	<b>3,729,723</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	270,694	1,780,744	2,051,438
Restricted	601,538	109,355	710,893
Unrestricted	1,176,287	(622,774)	553,513
<b>Total Net Assets</b>	<b>\$ 2,048,519</b>	<b>\$ 1,267,325</b>	<b>\$ 3,315,844</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended December 31, 2009**

**Statement B**

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
General Government	\$ 645,494	\$ 12,446	\$ -	\$ 254,469	\$ (378,579)	\$ -	\$ (378,579)
Public Safety	304,667	-	-	-	(304,667)	-	(304,667)
Public Works	272,875	-	-	-	(272,875)	-	(272,875)
Hurricane	46,474	-	79,199	-	32,725	-	32,725
Cemetery	9,218	15,000	-	-	5,782	-	5,782
Recreation	121,830	-	-	-	(121,830)	-	(121,830)
Amortization of Bond Issuance Cost	2,085	-	-	-	(2,085)	-	(2,085)
Interest on Long-Term Debt	39,231	-	-	-	(39,231)	-	(39,231)
<b>Total Governmental Activities</b>	<b>1,441,874</b>	<b>27,446</b>	<b>79,199</b>	<b>254,469</b>	<b>(1,080,760)</b>	<b>-</b>	<b>(1,080,760)</b>
<b>Business-Type Activities</b>							
Utilities	1,464,787	1,417,618	-	-	-	(47,169)	(47,169)
Interest on Long-Term Debt	45,628	-	-	-	-	(45,628)	(45,628)
<b>Total Business-Type Activities</b>	<b>1,510,415</b>	<b>1,417,618</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(92,797)</b>	<b>(92,797)</b>
<b>Total</b>	<b>\$2,952,289</b>	<b>\$ 1,445,064</b>	<b>\$ 79,199</b>	<b>\$ 254,469</b>	<b>(1,080,760)</b>	<b>(92,797)</b>	<b>(1,173,557)</b>
<b>General Revenues</b>							
Taxes							
Property Taxes					268,255	-	268,255
Franchise Taxes					101,799	-	101,799
Sales Taxes					678,480	-	678,480
Other Taxes					6,266	-	6,266
Licenses and Permits					48,613	-	48,613
Fines and Forfeitures					135,383	-	135,383
Insurance Licenses					99,899	-	99,899
Investment Earnings					4,007	628	4,635
Other General Revenues					123,439	14,400	137,839
<b>Total General Revenues</b>					<b>1,466,141</b>	<b>15,028</b>	<b>1,481,169</b>
<b>Change in Net Assets</b>					<b>385,381</b>	<b>(77,769)</b>	<b>307,612</b>
<b>Net Assets, Beginning of Year</b>					<b>1,663,138</b>	<b>1,345,094</b>	<b>3,008,232</b>
<b>Net Assets, End of Year</b>					<b>\$ 2,048,519</b>	<b>\$ 1,267,325</b>	<b>\$ 3,315,844</b>

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2009**

**Statement C**

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 611,687	\$ 185,999	\$ 636,390	\$ 109,031	\$ 1,543,107
Equity in Pooled Cash	614,289	52,087	-	88,734	755,110
Receivables					
Property Taxes, Net	133,604	84,811	-	47,151	265,566
Sales Taxes	60,238	-	-	-	60,238
Other	25,688	-	-	-	25,688
Due from Other Funds	-	-	-	33,725	33,725
<b>Total Assets</b>	<b>\$ 1,445,506</b>	<b>\$ 322,897</b>	<b>\$ 636,390</b>	<b>\$ 278,641</b>	<b>\$ 2,683,434</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 47,602	\$ -	\$ -	\$ -	\$ 47,602
Accrued Expenses	8,951	-	-	-	8,951
Pooled Cash in Other Funds	147,462	-	391	-	147,853
Due to Other Funds	33,725	-	-	-	33,725
<b>Total Liabilities</b>	<b>237,740</b>	<b>-</b>	<b>391</b>	<b>-</b>	<b>238,131</b>
<b>Fund Balances</b>					
Unreserved, Reported in:					
General Fund	1,151,745	-	-	-	1,151,745
Special Revenue Funds	-	-	-	278,641	278,641
Reserved for Sales Tax District No.3	56,021	-	-	-	56,021
Reserved for Capital Outlay	-	-	635,999	-	635,999
Reserved for Debt Service	-	322,897	-	-	322,897
<b>Total Fund Balances</b>	<b>1,207,766</b>	<b>322,897</b>	<b>635,999</b>	<b>278,641</b>	<b>2,445,303</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,445,506</b>	<b>\$ 322,897</b>	<b>\$ 636,390</b>	<b>\$ 278,641</b>	<b>\$ 2,683,434</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**December 31, 2009**

**Statement D**

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Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Fund Balances - Total Governmental Funds	\$ 2,445,303
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Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the governmental funds:

Governmental Capital Assets	1,502,693
Less: Accumulated Depreciation	(367,389)

Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the funds:

Accrued Interest	(17,222)
Compensated Absences	(39,883)
Bond Issuance Cost, Net	26,017
Bonds Payable	<u>(1,501,000)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>\$ 2,048,519</u></b>
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The accompanying notes are an integral part of these financial statements.



**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2009**

**Statement E**

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes					
Property Taxes	\$ 134,965	\$ 86,139	\$ -	\$ 47,151	\$ 268,255
Franchise Taxes	101,799	-	-	-	101,799
Sales Taxes	678,480	-	-	-	678,480
Other	6,266	-	-	-	6,266
Licenses and Permits	48,613	-	-	-	48,613
Intergovernmental Grants	69,219	-	-	-	69,219
Insurance Licenses	99,899	-	-	-	99,899
Rentals	12,446	-	-	-	12,446
Fines and Forfeitures	135,383	-	-	-	135,383
Interest Income	2,458	463	442	644	4,007
FEMA Reimbursements	79,199	-	-	-	79,199
Donations	185,250	-	-	-	185,250
Sale of Cemetery Plots	-	-	-	15,000	15,000
Other Revenues	117,622	-	-	5,817	123,439
<b>Total Revenues</b>	<b>1,671,599</b>	<b>86,602</b>	<b>442</b>	<b>68,612</b>	<b>1,827,255</b>
<b>Expenditures</b>					
General Government	1,008,403	850	-	-	1,009,253
Public Safety	225,592	-	-	-	225,592
Clerk of Court	55,694	-	-	-	55,694
Cemetery	-	-	-	9,218	9,218
Recreation	116,768	-	-	-	116,768
Hurricane Expenditures	46,474	-	-	-	46,474
Debt Service					
Principal	-	69,000	-	-	69,000
Interest	-	33,671	-	-	33,671
<b>Total Expenditures</b>	<b>1,452,931</b>	<b>103,521</b>	<b>-</b>	<b>9,218</b>	<b>1,565,670</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>218,668</b>	<b>(16,919)</b>	<b>442</b>	<b>59,394</b>	<b>261,585</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds of Debt	-	-	646,000	-	646,000
Bond Issuance Cost	-	-	(15,514)	-	(15,514)
<b>Total Other Financing Sources, Net</b>	<b>-</b>	<b>-</b>	<b>630,486</b>	<b>-</b>	<b>630,486</b>
<b>Net Change in Fund Balances</b>	<b>218,668</b>	<b>(16,919)</b>	<b>630,928</b>	<b>59,394</b>	<b>892,071</b>
<b>Fund Balances, Beginning of Year</b>	<b>989,098</b>	<b>339,816</b>	<b>5,071</b>	<b>219,247</b>	<b>1,553,232</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,207,766</b>	<b>\$ 322,897</b>	<b>\$ 635,999</b>	<b>\$ 278,641</b>	<b>\$ 2,445,303</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Government-Wide Statement of Activities**  
**For the Year Ended December 31, 2009**

**Statement F**

Net Change in Fund Balances - Total Governmental Funds	\$ 892,071
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	72,022
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.	(577,000)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(15,042)
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Governmental funds report bond issuance costs as expenditures. However, in the Statement of Activities, the cost of issuance is allocated over the bond life through amortization expense. This is the amount by which bond issuance expense exceeded amortization in the current period.	13,330
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<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 385,381</u></b>
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The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
PROPRIETARY FUND**

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statements of Net Assets**  
**Proprietary Fund**  
**December 31, 2009 and 2008**

**Statement G**

	2009	2008
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 53,333	\$ 22,880
Cash - Construction	21,082	14,824
Accounts Receivable, Net	194,549	180,646
Prepaid Insurance	3,093	19,232
<b>Total Current Assets</b>	<b>272,057</b>	<b>237,582</b>
<b>Restricted Assets</b>		
Cash and Cash Equivalents	306,725	309,453
Equity in Pooled Cash	657	657
<b>Total Restricted Assets</b>	<b>307,382</b>	<b>310,110</b>
<b>Long-Term Assets</b>		
Capital Assets, Net	2,647,095	2,795,835
<b>Total Long-Term Assets</b>	<b>2,647,095</b>	<b>2,795,835</b>
<b>Other Assets</b>		
Bond Issuance Cost, Net	8,003	10,074
<b>Total Assets</b>	<b>3,234,537</b>	<b>3,353,601</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	85,920	105,218
Pooled Cash in Other Funds	607,914	522,078
Community Disaster Loan	209,000	-
Capital Leases, Current Portion	41,046	38,966
<b>Total Current Liabilities</b>	<b>943,880</b>	<b>666,262</b>
<b>Current Liabilities (Payable from Restricted Assets)</b>		
Accrued Interest Payable	12,858	13,749
Revenue Bonds Payable, Current Portion	64,000	62,000
Certificates of Indebtedness, Current Portion	9,000	8,000
Customer Meter Deposits	112,169	110,146
<b>Total Current Liabilities (Payable from Restricted Assets)</b>	<b>198,027</b>	<b>193,895</b>
<b>Non-Current Liabilities</b>		
Capital Leases, Net of Current Portion	50,305	91,350
Revenue Bonds, Net of Current Portion	757,000	821,000
Certificates of Indebtedness, Net of Current Portion	18,000	27,000
Community Disaster Loan	-	209,000
<b>Total Non-Current Liabilities</b>	<b>825,305</b>	<b>1,148,350</b>
<b>Total Liabilities</b>	<b>1,967,212</b>	<b>2,008,507</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	1,780,744	1,817,519
Restricted Net Assets	109,355	116,215
Unrestricted Net Assets	(622,774)	(588,640)
<b>Total Net Assets</b>	<b>\$ 1,267,325</b>	<b>\$ 1,345,094</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**For the Years Ended December 31, 2009 and 2008**

**Statement H**

	2009	2008
<b>Operating Revenues</b>		
Charges for Services		
Gas Sales	\$ 537,647	\$ 698,622
Water Sales	178,590	164,096
Sewer Service Charges	336,477	229,477
Garbage Collection Fees	238,248	204,238
Impact Fees	19,750	33,500
Miscellaneous and Other Fees	106,906	197,998
<b>Total Operating Revenues</b>	<b>1,417,618</b>	<b>1,527,931</b>
<b>Operating Expenses</b>		
Administrative and General	169,247	202,159
Gas Purchased	325,484	476,490
Gas System	154,587	215,090
Water System	196,325	189,412
Sewerage System	255,712	327,259
Garbage Collection	212,621	190,821
Depreciation	148,740	143,725
Amortization of Bond Issuance Cost	2,071	2,071
<b>Total Operating Expenses</b>	<b>1,464,787</b>	<b>1,747,027</b>
<b>Operating (Loss)</b>	<b>(47,169)</b>	<b>(219,096)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Cell Tower Lease	14,400	16,375
Interest Expense	(45,628)	(46,571)
Interest Income	628	4,676
<b>Total Non-Operating Expenses, Net</b>	<b>(30,600)</b>	<b>(25,520)</b>
<b>Net Loss Before Contributions</b>	<b>(77,769)</b>	<b>(244,616)</b>
<b>Capital Contribution</b>	<b>-</b>	<b>120,590</b>
<b>Change in Net Assets</b>	<b>(77,769)</b>	<b>(124,026)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,345,094</b>	<b>1,469,120</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,267,325</b>	<b>\$ 1,345,094</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Statements of Cash Flows**  
**Proprietary Fund**  
**For the Years Ended December 31, 2009 and 2008**

**Statement I**

	2009	2008
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers and Users	\$ 1,403,715	\$ 1,505,566
Payments to Suppliers	(1,127,553)	(1,490,931)
Payments to Employees	(189,582)	(199,840)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>86,580</b>	<b>(185,205)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Increase in Meter Deposits	2,023	5,189
Interfund Borrowings	85,836	266,839
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>87,859</b>	<b>272,028</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipts from Tower Lease	14,400	16,375
Purchase of Capital Assets	-	(237,249)
Capital Contributions	-	120,590
Proceeds of Capital Lease	-	41,659
Interest Paid on Leases, Bonds and Certificates	(46,519)	(49,724)
Principal Paid on Capital Leases	(38,965)	(32,653)
Principal Paid on Bonds and Certificates	(70,000)	(90,000)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(141,084)</b>	<b>(231,002)</b>
<b>Cash Flows from Investing Activities</b>		
Interest Earned on Investments and Certificates	628	4,676
<b>Net Cash Provided by Investing Activities</b>	<b>628</b>	<b>4,676</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>33,983</b>	<b>(139,503)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>347,157</b>	<b>486,660</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 381,140</b>	<b>\$ 347,157</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Loss	\$ (47,169)	\$ (219,096)
Adjustments to Reconcile Operating Loss to Net Cash (Used in) Provided by Operating Activities		
Depreciation	148,740	143,724
Amortization of Bond Issuance Cost	2,071	2,071
Changes in Assets and Liabilities		
(Increase) in Accounts Receivable	(13,903)	(22,364)
Decrease (Increase) in Prepaid Insurance	16,139	(18,887)
(Decrease) in Accounts Payable	(19,298)	(70,653)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 86,580</b>	<b>\$ (185,205)</b>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

## **TOWN OF ABITA SPRINGS, LOUISIANA**

### **Notes to Financial Statements**

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#### **Introduction**

The Town of Abita Springs, Louisiana (the Town) was incorporated in 1914, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Abita Springs, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

#### **Note 1. Summary of Significant Accounting Policies**

##### **Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Town has determined that there are no component units that are part of the reporting entity.

##### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the Town's governmental funds and proprietary fund.



## TOWN OF ABITA SPRINGS, LOUISIANA

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the construction of infrastructure and public works.

The Town uses a proprietary fund to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

## **TOWN OF ABITA SPRINGS, LOUISIANA**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer and garbage collection services. Operating expenses for the Town's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

##### **Budgets and Budgetary Accounting**

At the beginning of each fiscal year, an annual budget is prepared. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The Town does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a.) The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information.
- b.) The proposed budget is made available for public inspection.
- c.) A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

##### **Cash, Cash Equivalents and Investments**

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the investment balances of the participating funds during the year. Each fund's portion of the pooled cash is included in equity or deficit in pooled cash on the accompanying financial statements.

## **TOWN OF ABITA SPRINGS, LOUISIANA**

### **Notes to Financial Statements**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Cash, Cash Equivalents and Investments (Continued)**

For the purpose of the proprietary fund Statement of Cash Flows, all highly liquid investments (including certificate of deposits) with maturity of three months or less when purchased are considered to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

##### **Sales Taxes**

The Town imposes a two-percent sales and use tax. One and one half-percent of this tax is designated for general Town purposes. One half percent of this tax is designated for the Town's law enforcement services. The Town accounts for all of its sales taxes in the General Fund.

##### **Compensated Absences**

Employees accrue vacation leave at the rate of 5 to 15 days per year, according to years of service with the Town. Unused vacation lapses at the employees' anniversary date. Employees accrue sick leave of up to 10 days per year, according to years of service with the Town. Employees are allowed to carry forward unused sick leave from year to year. Upon termination, or at retirement, employees are paid for unused sick leave at the discretion of the Town. At retirement, employees are paid for all accrued vacation leave. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is to be reported as an expenditure and a fund liability of the General Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are to be reported in the government-wide statement of net assets.

##### **Long-Term Debt**

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

## TOWN OF ABITA SPRINGS, LOUISIANA

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances."

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$60,495 at December 31, 2009.

##### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture and fixtures. The threshold for infrastructure and improvements is \$25,000.

The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. In accordance with GASB 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land and works of art that are inexhaustible, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Infrastructure	40 Years
Buildings and Improvements	20 - 40 Years
Utility Systems	30 - 40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 - 15 Years

## TOWN OF ABITA SPRINGS, LOUISIANA

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Fund Equity**

##### *Government-Wide and Proprietary Fund Statements*

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
3. Restricted net assets - Net assets with constraints placed on the use either by:
  - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments.
  - b. Law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Town's policy is to apply restricted net assets first.

##### *Governmental Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is reported as either reserved or unreserved. Reserved fund balance is the portion of the fund balance which is not available for appropriation.

##### **Interfund Transactions**

Permanent re-allocation of resources between funds of the Town is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

## TOWN OF ABITA SPRINGS, LOUISIANA

### Notes to Financial Statements

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#### Note 2. Stewardship, Compliance and Accountability

##### Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2009, all of the Town's deposits were secured.

#### Note 3. Cash and Cash Equivalents

##### Custodial Credit Risk

At year-end, the carrying amount of the Town's bank deposits was \$1,924,247, and the bank balance was \$1,995,099. The difference was primarily due to outstanding checks. All of the bank balances are covered by federal depository insurance and the transaction account guarantee program.

The following is a reconciliation of cash and cash equivalents per the statement of net assets of the Proprietary Fund to the cash and cash equivalents per the statement of cash flows:

##### Cash and Cash Equivalents Per Balance Sheet:

Cash on Hand and in Bank	\$ 53,333
Cash Construction	21,082
Restricted:	
Bond Sinking	68,197
Bond Reserve	58,869
Capital Additions and Contingency	59,881
Sewer Debt Service	2,293
Meter Deposits	117,485
Total Restricted	<u>306,725</u>

##### Total Cash and Cash Equivalents Per Statements of Cash Flows

\$ 381,140

**TOWN OF ABITA SPRINGS, LOUISIANA****Notes to Financial Statements**

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**Note 4. Receivables**

The net receivables at December 31, 2009, are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Proprietary Funds</b>	<b>Total</b>
Taxes					
Property	\$ 133,604	\$ 84,811	\$ 47,151	\$ -	\$ 265,566
Sales and Use	60,238	-	-	-	60,238
Other	25,688	-	-	-	25,688
Utility Accounts	-	-	-	194,549	194,549
<b>Total</b>	<b>\$ 219,530</b>	<b>\$ 84,811</b>	<b>\$ 47,151</b>	<b>\$ 194,549</b>	<b>\$ 546,041</b>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$60,495 for the Business-Type Activities.

**Note 5. Property Taxes**

Property taxes are normally levied and billed in November of each year and are due by December 31<sup>st</sup> of the year levied. Revenues are recognized when levied to the extent they are determined to be currently collectible. Property taxes are billed and collected using the assessed values determined by the tax assessor of St. Tammany Parish. The property taxes receivable are recorded net of allowance of \$56,904 on the accompanying balance sheet. For the year ended December 31, 2009, the Town levied taxes of 7.86 mills for general purposes, 5.00 mills for debt service, 1.00 mills for town lighting, and 2.00 mills for parks and playground expenditures.

# TOWN OF ABITA SPRINGS, LOUISIANA

## Notes to Financial Statements

### Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2009:

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
<b>Governmental Activities</b>				
<b>Capital Assets Not Depreciated</b>				
Construction in Progress	\$ 26,782	\$ -	\$ (26,782)	\$ -
Works of Art	-	40,000	-	40,000
Land	160,389	-	-	160,389
<b>Total Capital Assets Not Depreciated</b>	<b>187,171</b>	<b>40,000</b>	<b>(26,782)</b>	<b>200,389</b>
<b>Capital Assets Being Depreciated</b>				
Infrastructure	511,145	26,782	-	537,927
Culture and Recreation	202,490	-	-	202,490
Machinery and Equipment	140,838	6,634	-	147,472
Office Equipment and Furniture	18,989	-	-	18,989
Buildings and Improvements	321,629	66,610	-	388,239
Police Machinery and Equipment	4,485	-	-	4,485
Police Furniture and Fixtures	2,702	-	-	2,702
<b>Total Capital Assets Being Depreciated</b>	<b>1,202,278</b>	<b>100,026</b>	<b>-</b>	<b>1,302,304</b>
<b>Accumulated Depreciation for:</b>				
Infrastructure	(30,159)	(12,779)	-	(42,938)
Culture and Recreation	(1,365)	(5,062)	-	(6,427)
Machinery and Equipment	(81,746)	(15,840)	-	(97,586)
Office Equipment and Furniture	(10,234)	(2,799)	-	(13,033)
Buildings and Improvements	(195,476)	(4,742)	-	(200,218)
Police Machinery and Equipment	(4,485)	-	-	(4,485)
Police Furniture and Fixtures	(2,702)	-	-	(2,702)
<b>Total Accumulated Depreciation</b>	<b>(326,167)</b>	<b>(41,222)</b>	<b>-</b>	<b>(367,389)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>876,111</b>	<b>58,804</b>	<b>-</b>	<b>934,915</b>
<b>Totals</b>	<b>\$ 1,063,282</b>	<b>\$ 98,804</b>	<b>\$ (26,782)</b>	<b>\$ 1,135,304</b>



# TOWN OF ABITA SPRINGS, LOUISIANA

## Notes to Financial Statements

### Note 6. Capital Assets (Continued)

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets Being Depreciated</b>				
Gas Distribution System	\$ 49,993	\$ -	\$ -	\$ 49,993
Water Distribution System	1,574,650	-	-	1,574,650
Sewer Plant and Lines	2,723,319	-	-	2,723,319
Automobiles	23,600	-	-	23,600
Machinery and Equipment	285,032	-	-	285,032
Buildings and Improvements	35,808	-	-	35,808
<b>Total Capital Assets Being Depreciated</b>	<b>4,692,402</b>	<b>-</b>	<b>-</b>	<b>4,692,402</b>
<b>Accumulated Depreciation for:</b>				
Gas Distribution System	(15,777)	(1,509)	-	(17,286)
Water Distribution System	(690,450)	(31,774)	-	(722,224)
Sewer Plant and Lines	(1,067,430)	(72,669)	-	(1,140,099)
Automobiles	(15,556)	(2,914)	-	(18,470)
Machinery and Equipment	(102,280)	(38,680)	-	(140,960)
Buildings and Improvements	(5,074)	(1,194)	-	(6,268)
<b>Total Accumulated Depreciation</b>	<b>(1,896,567)</b>	<b>(148,740)</b>	<b>-</b>	<b>(2,045,307)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 2,795,835</b>	<b>\$ (148,740)</b>	<b>\$ -</b>	<b>\$ 2,647,095</b>

Depreciation was charged to governmental functions as follows:

General Governmental	\$ 23,381
Public Works	12,779
Culture and Recreation	5,062
<b>Total</b>	<b>\$ 41,222</b>

## **TOWN OF ABITA SPRINGS, LOUISIANA**

### **Notes to Financial Statements**

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#### **Note 7. Employee Pension Plan**

##### **Municipal Employees Retirement System of Louisiana (MERS)**

###### **Plan Description and Provisions**

All of the Town's full-time employees participate in the MERS, a multiple-employer, cost sharing pension plan.

Employees can retire providing they meet one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

###### **Description of Funding Policy**

The System's contribution requirements are actuarially determined. The contribution requirements are currently established by statute. As of December 31, 2009, the statutory rates were 9.25% member contribution and 13.5% employer contribution of the total covered payroll. The Town's contribution requirement for the years ended December 31, 2009, 2008 and 2007, was \$55,979, \$54,150 and \$54,895, respectively, which equals the required contributions for each year.

###### **Trend Information**

Five-year historical trend information, presenting the MERS' progress in accumulating sufficient assets to pay benefits when due, is presented in the MERS June 30, 2009 annual financial report. That report may be obtained by writing to MERS at 7937 Office Park Blvd., Baton Rouge, LA 70809.

# TOWN OF ABITA SPRINGS, LOUISIANA

## Notes to Financial Statements

### Note 8. Debt - Long and Short-Term

The following is a summary of short and long-term debt activity for the year ended December 31, 2009:

	Governmental Activities		Business-Type Activities			
	General Obligation Bonds	Revenue Bonds	Certificates of Indebtedness	Note Payable	Capital Lease	Total
Balance January 1, 2009	\$ 924,000	\$ 883,000	\$ 35,000	\$ 209,000	\$ 130,316	\$ 2,181,316
Additions	646,000	-	-	-	-	646,000
Reductions	(69,000)	(62,000)	(8,000)	-	(38,965)	(177,965)
Balance December 31, 2009	\$ 1,501,000	\$ 821,000	\$ 27,000	\$ 209,000	\$ 91,351	\$ 2,649,351
Due within One Year	\$ 93,000	\$ 64,000	\$ 9,000	\$ 209,000	\$ 41,046	\$ 416,046

General obligation bonds are secured by an annual property tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2009, the Town had not exceeded this statutory limit. As of December 31, 2009, there is \$322,897 available in the Debt Service Fund to service the general obligation bonds.

Short-term debt at December 31, 2009 consisted of the following:

#### Notes Payable

\$209,000 Note Payable to the Federal Emergency  
Management Agency dated November 29, 2005;  
matures on November 28, 2010; with interest at 2.9%  
per annum.

\$ 209,000

**TOWN OF ABITA SPRINGS, LOUISIANA**

**Notes to Financial Statements**

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**Note 8. Debt - Long and Short-Term (Continued)**

Long-term debt is composed of the following at December 31, 2009:

**General Obligation Bonds**

\$400,000	General Obligation Bond Series 2001, due in annual installments through March 2016; interest paid semi-annually ranging from 2.5% to 4.12%; secured by Ad Valorem tax.	\$ 290,000
\$250,000	Refunding General Obligation Bonds Series 2005, due in annual installments through March 2015; interest paid semi- annually ranging from 3% to 4.75%; secured by Ad Valorem tax.	135,000
\$450,000	General Obligation Bonds Series 2005, due in annual installments through September 2020; interest paid semi-annually at 2.95%; secured by Ad Valorem tax.	430,000
\$646,000	Limited Tax Revenue Bonds Series 2009, due in annual installments through September 2024; interest paid semi-annually ranging from 2.5% to 5.25%; secured by Ad Valorem tax.	646,000
		<u>\$ 1,501,000</u>

**TOWN OF ABITA SPRINGS, LOUISIANA**

**Notes to Financial Statements**

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**Note 8. Debt - Long and Short-Term (Continued)**

**Revenue Bonds**

\$600,000 Utility Bonds dated July 8, 1998,  
due in annual installments through  
May 1, 2018; including interest from 4% to 5%;  
secured by revenues of the Utility System. \$ 355,000

\$350,000 Utility Refunding Bonds dated  
January 8, 2004; due in annual  
installments through March 1, 2030;  
including interest from 3% to 5.25%;  
secured by revenues of the Utility System. 307,000

\$ 250,000 Utility Bonds dated December 1, 2004;  
due in annual installments through  
June 1, 2015; including interest at 4.0%;  
secured by revenues of the Utility System. 159,000  
\$ 821,000

**Certificates of Indebtedness**

\$ 80,000 Certificate of Indebtedness dated  
December 13, 2002; due in annual installments through  
November 1, 2012; interest paid semi-annually at 4%;  
secured by excess revenues of the Town. \$ 27,000

**Capital Leases**

\$ 66,969 Capital Lease dated August 5, 2006, due in  
60 monthly installments of \$1,239 with interest  
at 4.2%; secured by a piece of equipment with  
a book value of \$34,391 at December 31, 2009. \$ 22,744

\$ 80,498 Capital Lease dated June 20, 2007, due in  
60 monthly installments of \$1,540 with interest  
at 5.75%; secured by a piece of equipment with  
a book value of \$50,791 at December 31, 2009. 41,591

\$ 41,659 Capital Lease dated August 8, 2008, due in  
48 monthly installments of \$969 with interest  
at 5.75%; secured by a piece of equipment with  
a book value of \$33,724 at December 31, 2009. 27,016  
\$ 91,351

# TOWN OF ABITA SPRINGS, LOUISIANA

## Notes to Financial Statements

### Note 8. Debt - Long and Short-Term (Continued)

Annual debt service requirements of long-term debt are as follows:

	General Obligation Bonds		Certificate of Indebtedness		Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending December 31,								
2010	\$ 93,000	\$ 54,237	\$ 9,000	\$ 1,080	\$ 64,000	\$ 36,835	\$ 41,046	\$ 4,028
2011	128,000	52,006	9,000	720	67,000	34,260	36,999	2,065
2012	133,000	47,292	9,000	360	71,000	31,523	13,306	237
2013	139,000	42,287	-	-	74,000	28,521	-	-
2014	149,000	37,083	-	-	78,000	25,050	-	-
2015 to 2019	542,000	117,518	-	-	270,000	75,140	-	-
2020 to 2024	317,000	40,723	-	-	76,000	41,663	-	-
2025 to 2029	-	-	-	-	99,000	19,294	-	-
2030 to 2034	-	-	-	-	22,000	577	-	-
<b>Total</b>	<b>\$ 1,501,000</b>	<b>\$ 391,146</b>	<b>\$ 27,000</b>	<b>\$ 2,160</b>	<b>\$ 821,000</b>	<b>\$ 292,863</b>	<b>\$ 91,351</b>	<b>\$ 6,330</b>

### Note 9. Excess of Expenditures over Appropriations

During the year ended December 31, 2009, the General Fund's actual expenditures of \$1,452,931 exceeded its budgeted appropriations of \$1,444,500, resulting in an unfavorable variance of \$8,431.

### Note 10. Intergovernmental Agreement

The Town entered into an intergovernmental agreement with The Parish of St. Tammany, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2009, \$56,021 was reserved for use in Sales Tax District No. 3.

## TOWN OF ABITA SPRINGS, LOUISIANA

### Notes to Financial Statements

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#### Note 11. Restricted Assets

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 in Utility Refunding Bonds dated January 8, 2004, and \$250,000 of Utility Revenue Bonds dated December 1, 2004. Each of the resolutions provide for certain restrictions on assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 2009:

1. Revenue Bond Sinking Fund  
The resolution called for the establishment and maintenance of a Utilities Revenue Bond and Sinking Fund sufficient in amount to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable.
2. Revenue Bond Reserve Fund  
The resolution called for the establishment of a Revenue Bond Reserve Fund by depositing with the designated fiscal agent bank of the Town until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the Bond. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.
3. Depreciation and Contingency Fund  
The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$453 per month are to be deposited with the regularly designated fiscal agent of the Town.
4. Meter Deposit Fund  
The Town established a meter deposit fund to help maintain customer meter deposits on hand as well as help control customer meter deposits received.

#### Note 12. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2009, the Town carried insurance through various commercial carriers to cover all risks of losses. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**  
**BUDGETARY COMPARISON SCHEDULE**



**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2009**

**Schedule 1**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
<b>Taxes</b>				
Property Taxes	\$ 101,400	\$ 101,400	\$ 134,965	\$ 33,565
Franchise Taxes	75,000	75,000	101,799	26,799
Sales Taxes	693,000	693,000	678,480	(14,520)
Other	6,000	6,000	6,266	266
Licenses and Permits	50,000	50,000	48,613	(1,387)
Intergovernmental Grants	35,000	35,000	69,219	34,219
Insurance Licenses	105,000	105,000	99,899	(5,101)
Rentals	32,000	32,000	12,446	(19,554)
Fines and Forfeitures	100,000	100,000	135,383	35,383
Interest Income	10,000	10,000	2,458	(7,542)
FEMA Reimbursements	-	-	79,199	79,199
Donations	-	174,500	185,250	10,750
Other Revenues	62,600	62,600	117,622	55,022
<b>Total Revenues</b>	<b>1,270,000</b>	<b>1,444,500</b>	<b>1,671,599</b>	<b>227,099</b>
<b>Expenditures</b>				
General Government	951,000	1,008,000	1,008,403	(403)
Public Safety	221,500	221,500	225,592	(4,092)
Clerk of Court	52,500	52,500	55,694	(3,194)
Recreation	45,000	116,500	116,768	(268)
Hurricane Expenditures	-	46,000	46,474	(474)
<b>Total Expenditures</b>	<b>1,270,000</b>	<b>1,444,500</b>	<b>1,452,931</b>	<b>(8,431)</b>
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>218,668</b>	<b>\$ 218,668</b>
<b>Fund Balance, Beginning of Year</b>			<b>989,098</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 1,207,766</b>	

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2009**

**Schedule 1 (Continued)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>General Government</b>				
Salaries	\$ 332,000	\$ 332,000	\$ 346,403	\$ (14,403)
Aldermen	24,000	24,000	25,500	(1,500)
Employee Insurance and Benefits	95,000	95,000	110,509	(15,509)
Accounting and Auditing	18,000	18,000	22,663	(4,663)
Advertising and Publication	5,000	5,000	2,813	2,187
Advocacy Center	1,000	1,000	-	1,000
Animal Control	1,000	1,000	129	871
Auto Gas	14,000	14,000	10,448	3,552
Auto Repairs and Maintenance	10,500	10,500	6,244	4,256
Billing	4,000	4,000	5,338	(1,338)
Capital Outlay	45,000	102,000	113,244	(11,244)
Codification	5,000	5,000	-	5,000
Contract Labor	10,000	10,000	13,463	(3,463)
Conventions and Travel	4,000	4,000	6,913	(2,913)
Dues and Subscriptions	1,000	1,000	1,124	(124)
Equipment Purchases	20,000	20,000	-	20,000
Grant Expense	35,000	35,000	4,675	30,325
Inspections	10,000	10,000	-	10,000
Insurance	72,000	72,000	67,508	4,492
Legal	12,000	12,000	31,587	(19,587)
Land Lease	3,000	3,000	3,043	(43)
Miscellaneous	10,000	10,000	16,133	(6,133)
Office Supplies	6,000	6,000	7,150	(1,150)
Paid Street Culverts	5,500	5,500	243	5,257
Payroll Taxes	7,000	7,000	7,671	(671)
Pine Beetle Trees	10,000	10,000	8,675	1,325
Postage	2,000	2,000	1,992	8
Repairs and Maintenance	48,000	48,000	25,062	22,938
Retirement	45,000	45,000	39,225	5,775
Senior Citizens	3,500	3,500	2,522	978
Street Repairs	25,000	25,000	72,473	(47,473)
Telephone	12,000	12,000	14,387	(2,387)
Trustee Expense	1,500	1,500	-	1,500
Uniforms	4,000	4,000	2,667	1,333
Utilities	50,000	50,000	38,599	11,401
<b>Total General Government</b>	<b>\$ 951,000</b>	<b>\$ 1,008,000</b>	<b>\$ 1,008,403</b>	<b>\$ (403)</b>

## **OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**December 31, 2009**

**Schedule 2**

	<b>Mausoleum Special Revenue Fund</b>	<b>Cemetery Special Revenue Fund</b>	<b>Lighting Special Revenue Fund</b>	<b>Parks/ Playground Special Revenue Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>					
Cash	\$ -	\$ 109,031	\$ -	\$ -	\$ 109,031
Property Taxes Receivable, Net	-	-	15,717	31,434	47,151
Equity in Pooled Cash	3,388	85,346	-	-	88,734
Due from Other Funds	33,725	-	-	-	33,725
<b>Total Assets</b>	<b>\$ 37,113</b>	<b>\$ 194,377</b>	<b>\$ 15,717</b>	<b>\$ 31,434</b>	<b>\$ 278,641</b>
<b>Liabilities</b>					
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance</b>					
Fund Balance					
Unreserved, Undesignated	37,113	194,377	15,717	31,434	278,641
<b>Total Fund Balance</b>	<b>37,113</b>	<b>194,377</b>	<b>15,717</b>	<b>31,434</b>	<b>278,641</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 37,113</b>	<b>\$ 194,377</b>	<b>\$ 15,717</b>	<b>\$ 31,434</b>	<b>\$ 278,641</b>

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended December 31, 2009**

**Schedule 3**

	<b>Mausoleum Special Revenue Fund</b>	<b>Cemetery Special Revenue Fund</b>	<b>Lighting Special Revenue Fund</b>	<b>Parks/ Playground Special Revenue Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Revenues</b>					
Property Taxes	\$ -	\$ -	\$ 15,717	\$ 31,434	\$ 47,151
Plot Sales	-	15,000	-	-	15,000
Other	-	5,817	-	-	5,817
Interest Income	195	449	-	-	644
<b>Total Revenues</b>	<b>195</b>	<b>21,266</b>	<b>15,717</b>	<b>31,434</b>	<b>68,612</b>
<b>Expenditures</b>					
Cemetery	-	9,218	-	-	9,218
<b>Changes in Fund Balances</b>	<b>195</b>	<b>12,048</b>	<b>15,717</b>	<b>31,434</b>	<b>59,394</b>
<b>Fund Balance, Beginning of Year</b>	<b>36,918</b>	<b>182,329</b>	<b>-</b>	<b>-</b>	<b>219,247</b>
<b>Fund Balance, End of Year</b>	<b>\$ 37,113</b>	<b>\$ 194,377</b>	<b>\$ 15,717</b>	<b>\$ 31,434</b>	<b>\$ 278,641</b>

**TOWN OF ABITA SPRINGS, LOUISIANA**  
**Schedule of Compensation Paid to the Members**  
**of the Board of Aldermen**  
**For the Year Ended December 31, 2009**

**Schedule 4**

<b>Board of Aldermen</b>	<b>Term Expires</b>	<b>Compensation</b>
Troy Dugas 72099 Hickory Street Abita Springs, LA 70420 985-892-0575	December 31, 2010	\$5,100
Greg Lemons 71361 St. Joseph Street Abita Springs, LA 70420 985-809-7592	December 31, 2010	\$5,100
Patricia Edmiston 72286 Gordon Street Abita Springs, LA 70420 985-809-7393	December 31, 2010	\$5,100
Sheri Sable-Campbell 72110 Gum Street Abita Springs, LA 70420 985-875-1247	December 31, 2010	\$5,100
W.E. Patterson III 72104 Laurel Street Abita Springs, LA 70420 985-871-4211	December 31, 2010	\$5,100



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Board of Aldermen  
Town of Abita Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Abita Springs, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, the management of the Town of Abita Springs, Louisiana, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
A Professional Accounting Corporation

May 19, 2010